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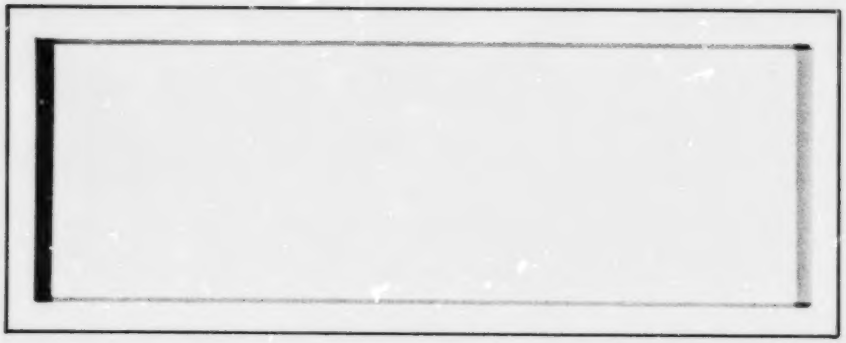

WORKING PAPER

Marketing and Economics Branch

Direction générale de la commercialisation
et de l'économie

Working papers are (1) interim reports completed by the staff of the Marketing & Economics Branch, and (2) research reports completed under contract. The former reports have received limited review, and are circulated for discussion and comment. Views expressed in these papers are those of the author(s) and do not necessarily represent those of Agriculture Canada.

THE HOG INDUSTRY IN QUEBEC

(Working Paper 15/84)

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REPORT ON THE HOG INDUSTRY IN QUEBEC

1.0 INTRODUCTION

For well over twenty years, the Canadian hog industry has been developing and expanding. In 1961, the Census of Agriculture estimated that there were 5.3 million hogs on Canadian farms. The industry since then went through five distinct cycles and by 1981 on farm inventories were 9.9 million hogs (Table 1). Not only did the absolute number of hogs increase but the distribution of these hogs throughout Canada changed (Table 2). The most dramatic change in the provincial numbers of hogs on farms occurred in Quebec. Quebec went from a position in 1961 of 17% of total Canadian inventories with just under 1 million hogs to one of dominance in 1981 with 35% of total inventories or 3.4 million hogs. Although, many studies have noted this phenomenom few have delved into the factors that have ignited this growth. Recent studies have given credit to governments intervention as being the major cause for this shift of farm resources. Specifically, Clements and Carter (1984) state:

"Programs such as income stabilization, farm credit, interest rate subsidies and capital grants all contribute to a shifting of production away from areas of comparative advantage to locations defined by political boundaries".

The proliferation of such statements renders it timely and important that a study be done concerning all factors that have influenced hog production in Canada so that any evaluation of government program's might have a framework from which to work.

This paper does not attempt to review all factors affecting hog production in Canada rather it focuses on Quebec where the most dramatic movement of farm resources into hog production occurred.

This paper describes hog production, and major government programs. As well it attempts to highlight characteristics of the industry which distinguishes it from the industries in other provinces and regions. Some of the concerns which have been raised over government programs particularly in Quebec are addressed. The paper is to give hog production in Quebec some perspective from which a more thorough theoretical and quantitative analysis of the economic facotrs affecting hog production might be undertaken.

2.0 QUEBEC'S HOG PRODUCTION

2.1 Concentration of Production

Geographically, hog production occurs primarily south of the St. Lawrence River, although it is found all across the province except in the north-west region. The Quebec Department of Agriculture has divided the province into twelve regions of similar land types, social-economic milieu, farming practices and intensity of development (Table 3). In 1982, the three regions which provided the largest numbers of hogs for slaughter were east of Montreal (#6), the Beauce (#3) and around Quebec City (#2). The majority of Quebec's hog production occurs within close proximity to major cities.

During the ten year period 1971-1981 hog production in these three areas developed rapidly (Table 4). However, according to the Censuses of Agriculture the greatest area of growth was around Nicolet (region #4) where the 8.7 thousand sows on farms in 1971 had more than quadrupled by 1981 to total 37.7 thousand sows. Also, according to the Census of Agriculture Nicolet was the region with the greatest concentration of the dairy industry. This rapid expansion reflects in part the affect of supply management of the dairy industry had on the swine industry.

2.2 Increasing Size of Hog Enterprize

Along with the concentration in hog production, farms became larger and more specialized. Since 1961, the average hog farm in Quebec doubled the number of hogs every five years while the other provinces increased but at a lesser rate. In 1961, the average hog farm in Quebec had 19 hogs per farm, below the national average of 24 hogs per farm. In 1981, this average had risen dramatically to 430 hogs per farm in Quebec, well above the national average of 177 hogs per farm (Table 5).

If only farms with 20 hogs or more are considered as commercial farms then this trend is more dramatic (Table 6). In 1971, the average commercial farm size in Canada was 114 hogs/farm and had increased in 1981 to 305. In Quebec the average commercial hog farm increased from 147 hogs/farm to 586 hogs/farm partly reflecting the impact of the new dairy policy in the early seventies as well as the relatively strong hog prices during most of that period (Table 13). Enterprise size in Quebec increased most dramatically between 1971 and 1976 growing from 147 to 309, respectively. In contrast, Ontario experienced the greatest growth between 1976 and 1981 when increases in corn prices and production were less dramatic than they were between 1971 and

1976. Western Canada had a steady growth rate over this ten year period. These regional variations are due not to the larger number of hogs on commercial farms in Quebec than in the other major regions but rather because there are 50% fewer commercial hog farms in Quebec.

2.3 Land Base

One factor contributing to the fewer and larger commercial hog farms in Quebec compared to the other major producing regions is the fact that the hog producers in Quebec operated on small land bases and tended to be single enterprises. In 1981, the average hog farm in Canada operated on 230 acres. Quebec operated on 80 acres, Ontario averaged over 100 acres per farm and the prairie provinces had over 375 acres per farm. This reflects the more diversified farming operations of Ontario and Western Canada compared to the specialization of the Quebec hog farm. (Table 7)

2.4 Trends in Specialization By Enterprize Type

Hog production occurs in three distinct types of enterprises: farrowing, farrow to finish and finishing. The degree of specialization in Quebec's hog industry can be seen through special classifications on the Census of Agriculture data. Farrowing operations were defined as commercial operations reporting only breeding stock and market hogs less than 45 pounds, less than or equal to the sum of sows and gilts. Finishing operations were those with sows and gilts less than or equal to 5% of total pigs. The remaining farms were farrow-finish operations. Although, the national trend towards larger farm units is evident in the three enterprise types, the greatest increases occurred in the farrow-finishing enterprise in all major producing regions (Table 8). Quebec had the greatest extent of specialization. In Quebec average farm sizes in 1971

for farrowing, finishing and the farrow to finishing enterprises respectively were 75, 213 and 149 head per farm jumped to 247, 1001 and 901 head per farm in 1981. This compares to the national averages in 1971 of 77, 117, 130 hogs/farm increasing to 158, 332 and 404 hogs/farm.

Farrowing operations require more intense management than finishing operations which explains the smaller average farm size for farrowing operations. Farrowing operations sell piglets to both finishers as well as breeding stock to farrow-finishers. In Quebec the trend has been towards two farrowing operations to each finishing operation, while in the other regions the trend has been toward one farrowing operation for each finishing. The higher ratio of farrowing farms to finishing farms as well as the fact that these farms are on average larger suggests that there is a greater degree of specialization in Quebec than in the other regions.

2.5 Trends in Business Organization

In Quebec the business structure of commercial hog farms has changed less dramatically than has the production structure. Nevertheless, there has been a definite movement towards partnerships and incorporated businesses, although the family farm operation predominates. In 1971 over 98% of all hog farms were family farms holding 96% of total farm inventories. In 1981, family farms were 89% of all commercial hog farms with 69% of total farm inventories (Table 9). This trend towards less family or private ownership was evident in all types of hog enterprises. The most predominant shift in ownership was in the farrow to finish enterprise where in 1971 family or private ownership made up 97% of all farrow-to-finish enterprises with 95% of inventories and dropped in 1981 to 80% of all farms with 57% of inventories. This movement towards the registered business ownership reflects the increasing complexity of management.

3.0 FACTORS INFLUENCING QUEBEC'S HOG PRODUCTION

3.1 Feed Supplies

One of the great contradictions in Quebec's hog industry is that hog production thrived although there was very little feed grain production. This heightens the contribution that the commercial feed supply network made to the development of the hog industry. In 1983, commercial mills produced 291.6 million tonnes of feed. This compares to on-farm mills producing (67.5 thousand tonnes) less than 1 million tonne. Grain production, although increasing is still far from being a major feed source. Hog production, as does livestock production in most regions, tends to occur in the areas of the greatest feed supplies. Similarly in Quebec, the three major hog producing regions also accounted for 61% of the total commercial milling, 40% of the on-farm milling and 47% of the corn acreage and 33% of the barley acreage (Table 10). Since feed in Quebec is largely purchased this suggests that the producers decision-making processes concerning production levels and capital investments will be based upon different criteria than hog production in major grain producing regions.

3.2 Vertical Integration

In addition to providing a readily available supply of feed, the commercial feed mills also have been involved in hog production. The feed mills, as well as others, have expanded their enterprizes vertically. Vertical integration occurs in three distinct forms: (1) auto-integration; (2) financial, and (3) contractual. Auto-integration is when the operator owns one or more levels of the industry. For example, a feed mill which owns a finishing operation. Financial integration is when one level of the industry has some form of financial arrangement with another level. Contractual integration is where one industry

level rents the facilities and services from another level with a contract, verbal or written, stipulating price, management practices, responsibilities etc. and then takes the market risks for that product. Vertical integration for feed mills can ensure a market outlet for their grain and transfer some risk to the hog market. The integrator often pays a premium on good performance, i.e. low mortality rate, low incidence of disease etc. as well as on the carcass grade. It is believed by various industry officials that in 1984 contractual arrangements are the most prevalent type of integration and that integration was the most significant firm of hog production.

Estimates on the extent of integration by type were prepared by J. Durocher (1978). It was estimated that in 1975 about 46% of total hog production in Quebec was produced under contracted arrangements and another 23% under the other forms of integration. The remaining 30% was produced by independent operators (Table 11). The degree of integration may have become more widespread as some independent operators sought to spread their risks and moved into contractual arrangements while feed manufacturers expanded through the purchases of some independent mills. Some industry officials believe that the current rate is closer to 75 to 80%.

In 1976 the Farm Credit Corporation (FCC) in Quebec compared two benchmark budgets; one for hog production under integration and one where management assumed all input and marketing risks. Net agricultural revenue at that time from these two types of operations were similar. However, as interest rates rose and carrying charges increased the independent operators may have suffered more than did those operating under integration. Again, this suggests that there would be a movement towards contractual arrangements and that the initial estimate done in 1975 on the extent of integration is now greater.

3.3 Production Alternatives

The single most important factor which underlies the expansion of the hog industry in Quebec has been the limited opportunities in other agricultural enterprizes particularly in the animal industries. As reflected by the farm cash receipts data collected by Statistics Canada hog production has long been a vital component of the total provincial farm economy in Quebec. In 1951, hog production represented $73 million or 20% of the total farm revenues and this increased to $560 million or 20% in 1983. Only the dairy industry provided greater farm revenues (Table 12). Furthermore since 1951, the contribution to total provincial farm cash receipts from the hog enterprise has been greater in Quebec than in the other provinces and also has increased over time. This indicates that hog production in Quebec has been the most profitable enterprise alternative where farm resources could have locate[1]. In contrast, the other major hog producing regions have had other enterprises which have generated greater revenues than the hog enterprise. This suggests that Quebec has shown a comparative advantage in hog production for over 40 years.

4.0 VARIABILITY OF HOG MARKETINGS - "HOG CYCLE"

Hog production in Québec has expanded over the past decade as a result of the freeing of farm resources from the dairy industry; the involvement of feed mills in many facets of hog production; and the lack of other viable farming opportunities. However, it cannot be said that the Quebec hog industry expanded only and did

[1] If the assumption that farm resources move into the enterprises of greatest profitability then in Quebec the most profitable alternative was in hog production while Western Canada, grain and oilseed production as well as cattle raising have at times been better economic opportunities than hog production.

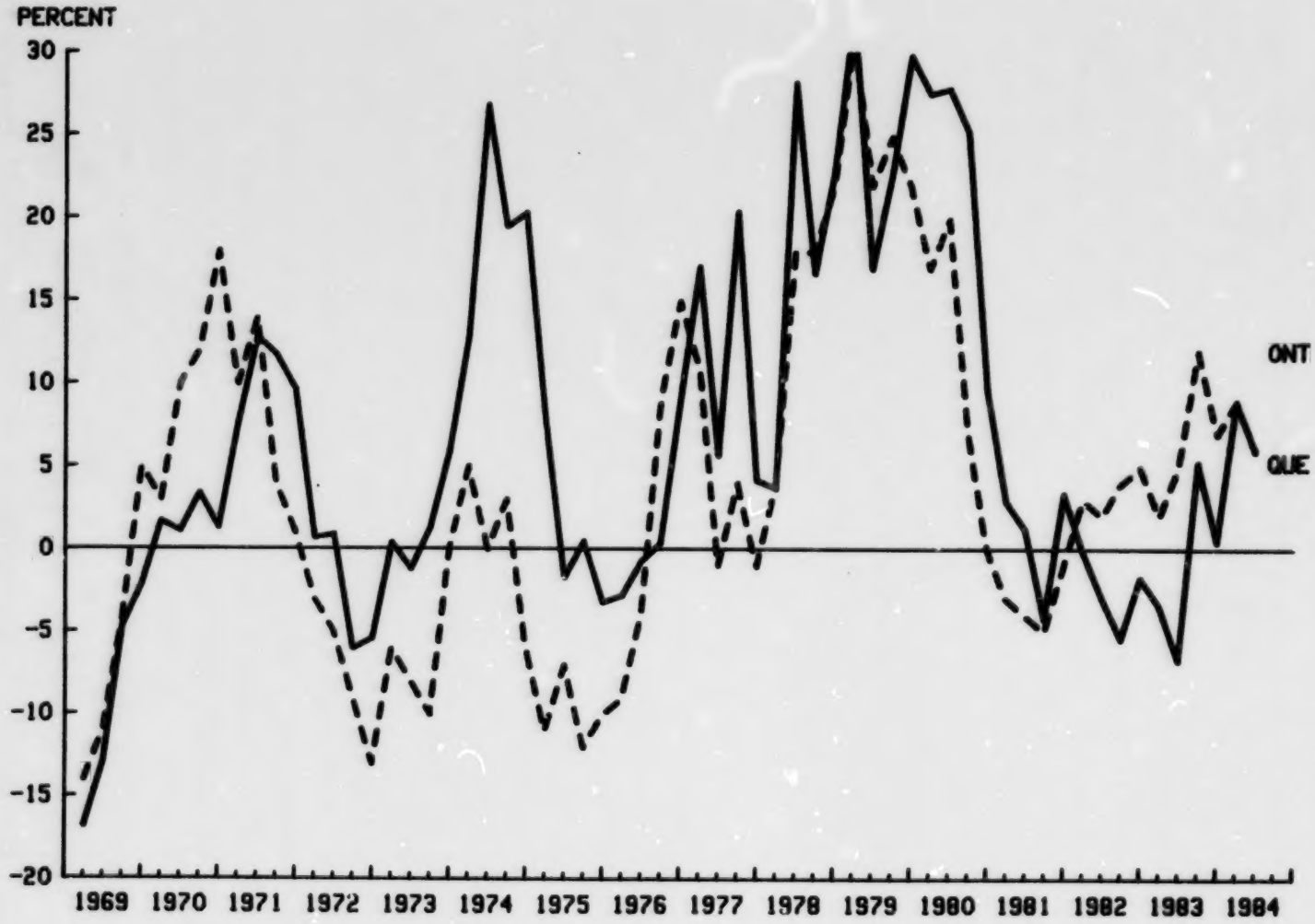
not have a hog cycle. In fact, the hog industry in Quebec had expansion and contraction phases of production that were virtually synchronized with production changes in Ontario, the prairie provinces and the U.S. (Chart I, II, III).

The smaller declines and the greater increases in Quebec's hog production compared to the other regions are reflective of the variance in farm structures between the regions. As reported earlier in this paper (Table 6 and Table 8) the average farm size in 1971 was larger than in the other Canadian regions although there were fewer pigs on farms in Quebec than in Ontario and western Canada. These larger producers were more committed to hog production than their counterparts who had various production alternatives. As well integration in hog production had a stabilizing effect.

The one major regional variation in year-over-year quarterly change in hog production occurred in late 1977, early 1978. Quebec continued to increase production, albeit at reduced rates, while the prairies, Ontario and the U.S. went into a short four-quarter contraction phase. The decisions to either reduce farrowings or continue to increase farrowings were made late 1976 and early 1977. Although hog prices at the time were strong, grain prices were also averaging well over the previous five year average prices (Table 13). Since hog production for some producers in the prairies and Ontario was a secondary operation to grain production they reduced their hog production and sold their grain. In contrast, hog producers in Quebec expanded their hog inventories in response to the strong hog prices. Therefore, during early 1978, hog production was above year earlier levels in Quebec, while they were below in the U.S., Ontario and the prairie provinces. Increases in high output had occurred in all regions by the end of 1978. More recently, hog production in all regions have been less variable than during the seventies particularly in western Canada reflecting the general increase in farm size throughout Canada and the U.S.

CHART 1

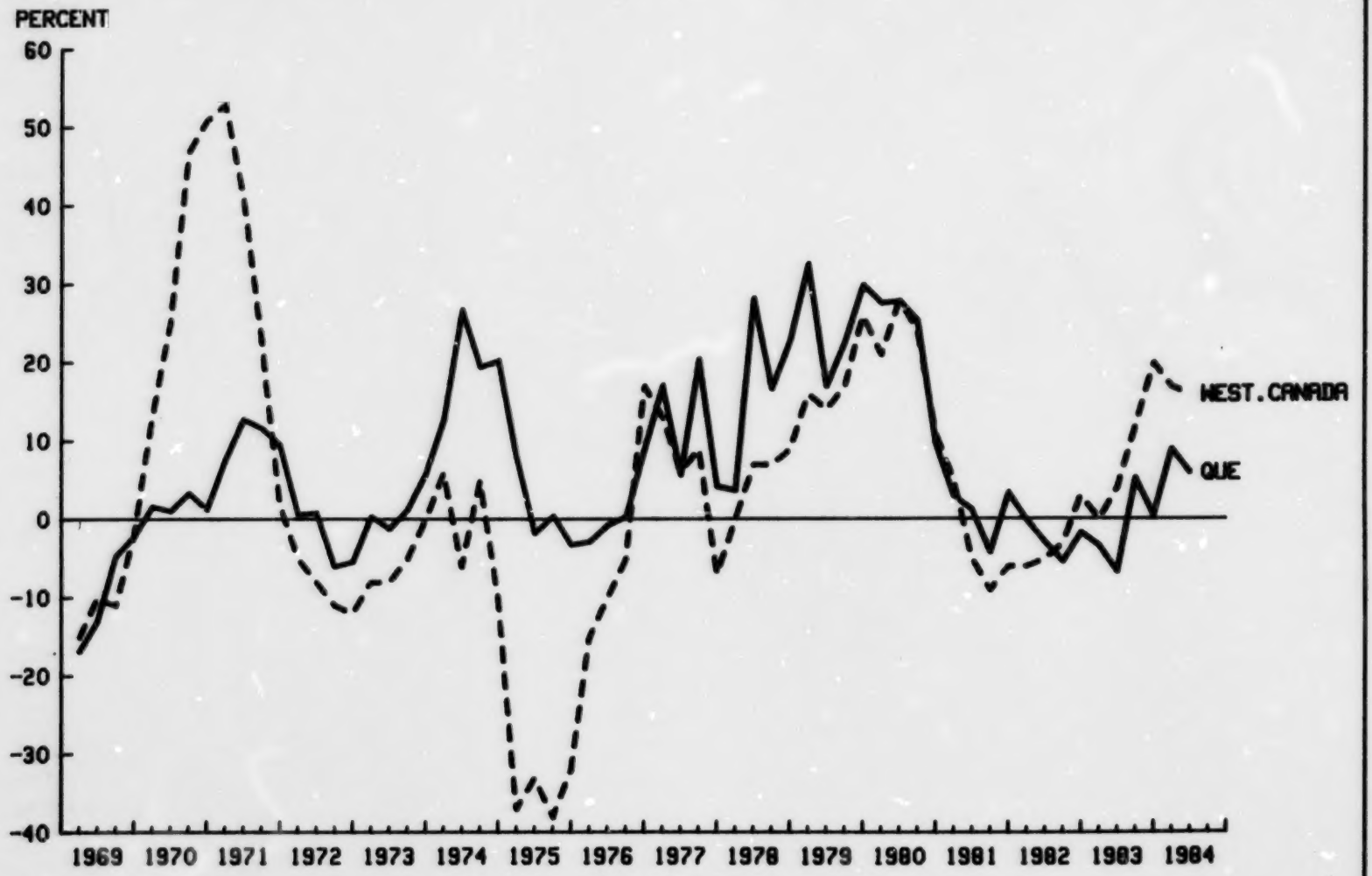
HOG CYCLE* - QUEBEC AND ONTARIO



* QUARTERLY YEAR-OVER-YEAR CHANGE IN HOG MARKETINGS

CHART II

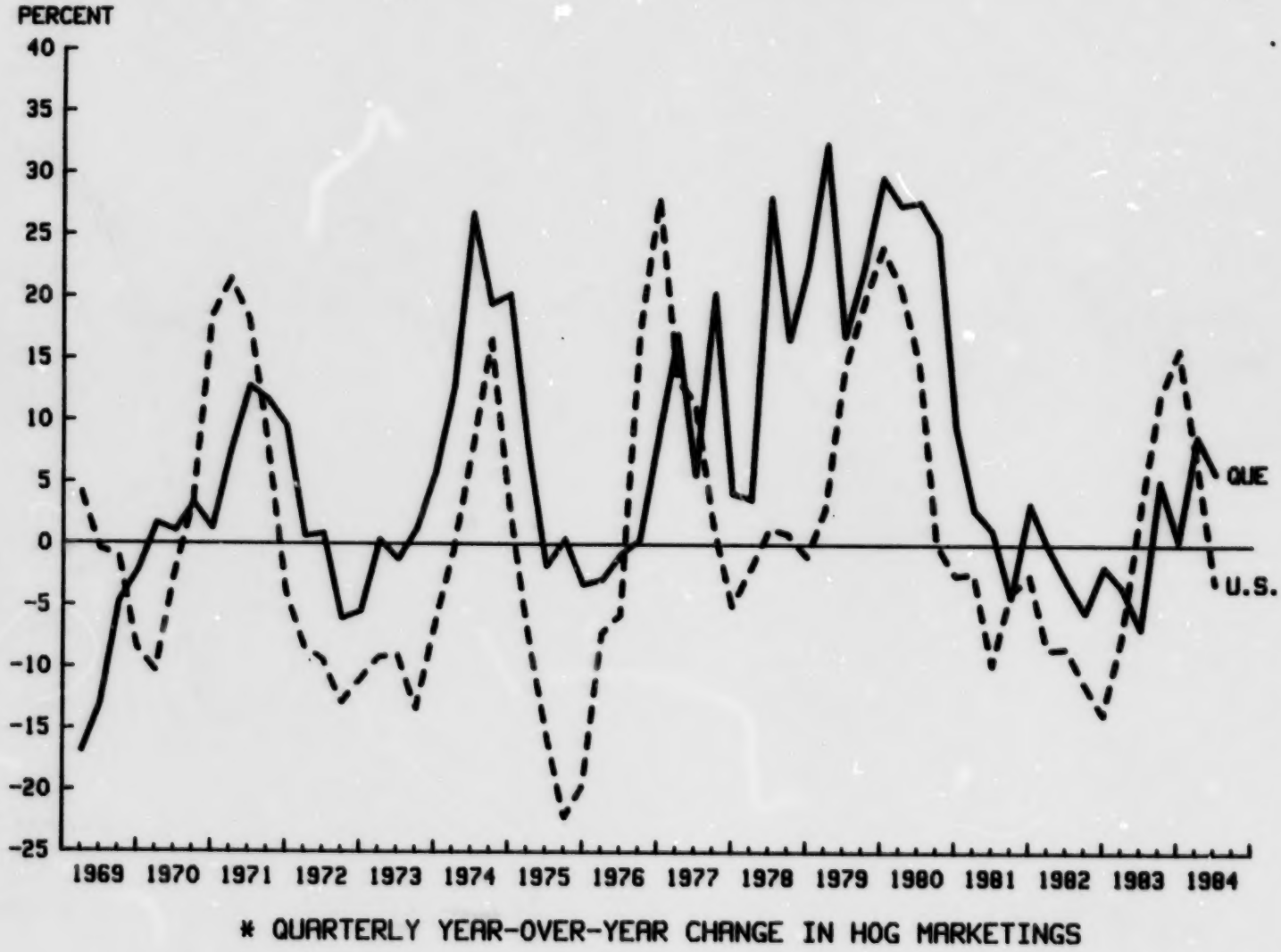
HOG CYCLE* - QUEBEC AND WESTERN CANADA



* QUARTERLY YEAR-OVER-YEAR CHANGE IN HOG MARKETINGS

CHART III

HOG CYCLE* - QUEBEC AND U.S.



* QUARTERLY YEAR-OVER-YEAR CHANGE IN HOG MARKETINGS

5.0 FEDERAL GOVERNMENT PROGRAMS

The discussion above points to several economic factors as causing the development of Quebec's hog industry. Nevertheless, government intervention in the hog industry has occurred with a variety of programs having a variety of objectives. The following section gives an account of some of these programs and comments of some of the issues which recently have been raised concerning these programs.

5.1 Income Stabilization

The federal government provides support to the Canadian hog industry at 90% of the average market hog price over the past five years plus the difference between the current cash costs of production and the average cash costs of production during the preceding years. In 1979-80 and 1980-81, the federal government paid out $146 million to all Canadian hog producers of which $52 million went to Quebec producers (Table 16).

Payments are made on hogs marketed and receipts are necessary to obtain the payment. In 1979-80 the average number of hogs marketed per claimant was 379. In 1980-81 the industry was still in an expansion phase of the hog cycle and this was reflected in this average increasing to 396 hogs. The average payment per producer was $1572 in 1979-80 and $3546 in 1980-81.

In Quebec the average number of hogs marketed per producer upon which payments were made was 922 in 1979-80 and 1070 in 1980-81. This level greater than the national average level reflects the larger hog production units in Quebec compared with the other provinces. The average payment per producer in Quebec was in 1979-80 $3558 and in 1980-81 $9675. (Table 17). This program

has been viewed as a production subsidy which distorts producers' production decisions. However, the impact of this program has been shown by L. Martin (1981) as ineffective in stabilizing hog production in Canada, the payments are too uncertain and arrive too late to cause producers decisions to be altered. The producers view any payments from this program as transitory and not a potential permanent source of income.

5.2 Feed Freight Assistance

This program subsidizes the shipment of feed grains from surplus regions, prairies and Ontario into deficit regions, the Maritimes, B.C. and Quebec. In Quebec in 1971 virtually 100% of hog production received a subsidy of more than $7.00 per tonne on western grain. In 1971 the major hog producing regions accounted for 81% of the hog slaughter. In 1982, after the expansion in the hog industry, these same regions still accounted for 83% of the provinces hog slaughter. At the same time that this expansion in hog production was occurring the feed freight assistance levels were declining. In 1982 more than 80% of Quebec's hog production was eligible for a subsidy of only less than $2.50 per tonne on either western barley or Ontario corn and much of this production received no subsidy at all. (Table 18) Accompanying this decline in feed freight assistance was a change in the feed grain policy in the 1974/75 crop year which opened up access to western grains. The change in feed grain policy allowed direct access to western grain instead of access only though the Canadian Wheat Board as required previously.

5.3 Farm Credit

Since 1959 Farm Credit Corporation (FCC) has been making long-term mortgage loans to assist Canadian farmers to develop viable farm businesses. These loans are used to acquire farm land, to erect or modernize buildings, to purchase livestock and

farm equipment, to discharge liabilities etc. Total loans made by FCC to all agricultural producers in Quebec in 1977-78 was $46.6 million which had increased $111.9 million in 1979-80 (Table 20). Loans to hog producers were around 30% of total loans while loans to milk producers were about 55%. F.C.C. loaned out $42.5 million to hog producers in 1979-80 which was the maximum level of loans ever made to hog producers in Quebec by F.C.C..

6.0 PROVINCIAL GOVERNMENT PROGRAMS

6.1 Farm Credit

There have been various forms of provincial farm credit available since 1976 made available to all agricultural enterprizes through "Office du Crédit Agricole du Quebec". Long term loans were made at 2½% for the first $15,000; 8% for the next portion of the loan up to $150,000 and a floating prime rate plus 0.5 percent on the remainder up to $250,000. These loans could be amortized over 30 years. Farm improvement loans were made with the first $15,000 having an interest subsidy of 3% from the chartered bank prime rate plus 0.5% which is the rate for the remainder of the loan up to $100,000. These loans were amortized over 10-15 years. Farm Improvement loans were subsidised interest amounts up to $2000 for general purposes; $6000 for land owned by new farmers and $4000 for land owned by established producers. Loans were made for cooperative capital of $100,000 maximum at current interest rate, fixed. No subsidy was available. These loans were for 30 months. A special financial assistance program was developed during the crisis period of 1981 when interest rates rose sharply causing difficult debt loads. This program was concerned primarily with restructuring of loans.

The majority of the long-term loans that were made during 1977-83 by the provincial agriculture credit bureau went into dairy production, followed by hog production and the cash crop production (Table 20). This distribution of funds was similar to that allocated by FCC during this period. In 1978, farm credit was significantly expanded compared to the previous years reflecting the involvement of the chartered banks and caisse populaires as the lending institutions. Loans were made by these institutions while the "l'Office Crédit Agricole" guaranteed the loans.

The largest amounts loaned was during the 1978-82 period with annual loans in excess of $340 million. The largest loan allocation which went to hog production in 1979-80 for 76.4 million. However, dairy was the major farm enterprise to receive financing.

This expansion of credit to hog producers probably did have a stimulating effect on the development of modern production facilities contributing to an expansion which had started in the early 1970's. However, the hog industry had not been singled out as a special recipient of credit. The dairy industry consistenly received more credit than did the hog industry. The distribution of loans made by the "Bureau de Credit Agricole" was similar to that of F.C.C. reflecting the relative profitability of farm enterprises. Also by examining the distribution of the long term loans we see that both institutions financed hog production only when it was profitable and did not favourize expansion when the investiment climate was unfavourable.

Another concern raised was that hog producers qualified for a $4000 grant after 1978. The act of 1936 which established the farm credit bureau in Quebec and at that time made provisions for a $4000 grant for people wanting to establish themselves in agricultural production (not only hog production). The impact of this program clearly was more important in 1936 than in 1981 when the act was modified and the $4000.00 grant retracted. Although hog producers did recieve loans and loan guarantees they were not singled out as the primary target for farm credit.

6.2 Income Stabilization Programs

a) Weaner Pig Stabilization Program

Since May 1978, producers who participate in this program are guaranteed a market price which covers the cost of production as calculated by a farm model and the market price determined through a telephone survey. The minimum number of sows eligible is 15 and the maximum is 400. In 1983, the provincial government reported some 1 800 producers participating in the program. The producer pays annually a premium which in 1978 was $8 per sow. Any payment from the fund is made once a year although advances can be made under extremely difficult circumstances. Payments do consider any revenues which may be forthcoming from the federal government.[1]
Nevertheless, these payments are considered as "top loading" on the federal stabilization program and are deducted from any federal payment.

b) Market Hog Stabilization

This program came into effect April 1981. Basically, it guarantees the participant that their returns from the sale of a market hog will cover at least their cost of production. The cost of production is based upon an annual model which considers the typical farm as one that:

- Operates on 5 acres of land bought in 1972;

- Buys 5155 weiner pigs about 7 weeks old weighing 25 to 30 lbs. with a 3% mortality rate. Sells at various times through the year 5000 pigs weighting 171 lbs on a carcass basis totalling 855,000 lbs.

[1] Although, the weanling pig nor sow is not a named commodity under the Agricultural Stabilization Act it can be designated. This occurred in production 1979-80.

- Operates in a specialized building (built in 1972) for this type of confinement rearing along with the necessary equipment, generator (1972), automatic feeder (1974), steel grain silo (1974).

- The producer operates the facilities full time and one other labourer part-time, either family or hired. Total operation hours equal 2200: 2100 hours caring for the hogs, 100 hours administration.

The minimum number of hogs enrolled is 100 in the first year of participation. The participant must own the pigs and cannot have a contract with a third party on the sale of those pigs. This detail automatically excludes, the integrated operations. However, in 1983 the Coop. Fédérée was successful in obtaining an exemption for their producers since they operate as a cooperative. The program is to last for five years i.e. 1986. To enroll the producer paid a $1.00 premium per hog in 1981, 1982, 1983 and in 1984 paid $4.00 per hog.

This program was designed for a fairly efficient operation as assessed by the Provincial Stabilization Board. The program was developed for the independent operators since the market risks are considerably greater than for the integrator. The percentage of total production which was eligible to participate in 1981 was about 30%. The inclusion of the "Coop. Fédérée" in 1982 raised this to about 45% (estimated by board officials) of production that was eligible to participate. Initially, the administraters of this program felt that 100% of those who were eligible to participate did so.

7. CONCLUSION

Quebec in 1984 is the largest provincial supplier of slaughter hogs, has the most modern and efficient production and packing industry and a well developed export market. But does Quebec have a natural comparative advantage in hog production over the other regions of Canada?

This paper does not attempt to solve this question on comparative advantage but rather to pose it. This paper also suggests that the contribution of government programs made to the development of Quebec's hog industry is mitigated by at least six distinguishing characteristics which existed for the most part before major government intervention.

They are:

1. Large farm size

2. Commercial feed supply

3. Limited farm opportunities

4. Significant vertical integration

5. Concentration in the market structure

6. A hog cycle.

Any evaluation of these programs should take these factors into account.

Further Areas of Study

1. To assess the present degree of vertical integration in Quebec as well as throughout Canada

2. The impact of export demand on hog prices

3. The impact of dairy policy in Quebec on hog production in Quebec

4. The impact of feed freight assistance on hog production

5. The impact of stabilization programs on hog production

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TABLE 1. NUMBER OF PIGS ON FARMS 1961-1981

Province	1961	1966	1971	1976	1981
P.E.I.	54.9	82.9	100.9	78.7	116.9
N.S.	46.9	57.5	79.7	73.4	139.6
N.B.	47.1	34.1	56.3	40.0	99.6
Que.	912.1	1 173.7	1 383.6	1 617.1	3 440.7
Ont.	1 686.3	1 936.6	2 361.7	1 913.7	3 165.0
Man.	431.5	499.2	1 970.6	625.3	975.0
Sask.	640.5	488.2	1 145.3	491.3	574.3
Alb.	1 470.0	1 092.7	1 815.5	878.2	1 199.4
B.C.	41.6	37.4	78.6	55.6	254.9
Can.	5 331.2	5 401.3	8 092.2	5 773.9	9 856.7

Source: Censuses of Agriculture, Statistics Canada.

TABLE 2. DISTRIBUTION OF PIGS ON FARMS BY PROVINCE

Province	1961	1966	1971	1976	1981
P.E.I.	1	2	1	1	1
N.S.	1	1	1	1	1
N.B.	1	1	1	1	1
Que.	17	22	17	28	35
Ont.	32	36	29	33	32
Man.	8	9	13	11	9
Sask.	12	9	14	9	6
Alt.	28	20	22	15	12
B.C.	1	1	1	1	3
Can.	100	100	100	100	100

Source: Censuses of Agriculture, Statistics Canada.

TABLE 3. ORIGIN OF HOG SLAUGHTER 1982

Region	Number of Hogs Slaughter	
	(000 hd)	(%)
1. Bas St. Laurent	29.7	.6
2. Rive Nord et Sud du St. Laurent	772.7	16.8
3. Beauce	838.4	18.2
4. Nicolet	415.6	9.0
5. Les Cantons de L'est	530.g	11.5
6. L'Est de Montreal	1 260.7	27.4
7. Sud-Ouest de Montreal	43.0	0.9
8. L'Outaouais	19.1	0.4
9. Nord Ouest du Quebec	1.2	-
10. Rive Nord du Fleuve St. Laurent	426.2	9.3
11. La Mauricie	229.0	5.0
12. Saguenay-Lac St.Jean	35.3	0.8
TOTAL	4 601.8	100

[1]Livestock Market Review Annual, Market Information Services.

TABLE 4. NUMBER OF SOWS ON FARMS BY AGRICULTURAL REGION REPORTED BY THE CENSUS OF AGRICULTURE 1971, 1976, 1981

Region	1971	1976	1981	1981/1971
	-	no.	-	- % -
1. Bas St. Laurent	9 559	4 496	6 062	-37
2. Rive Nord et Sud du St. Laurent	21 490	22 207	55 869	160
3. Beauce	20 958	25 252	60 108	187
4. Nicolet	8 719	12 826	37 672	332
5. Les Cantons de L'Est	12 404	13 922	46 462	275
6. L'Est de Montreal	19 135	29 809	78 307	309
7. Sud Ouest de Montreal	3 901	4 121	7 145	83
8. L'Outaouais	2 450	2 260	4 301	76
9. Nord Ouest du Quebec	777	138	169	78
10. Rive Nord du Fleuve St. Laurent	14 986	16 743	32 195	148
11. La Mauricie	10 105	6 741	16 523	64
12. Saguenay Lac St.-Jean	3 350	1 368	3 402	2

TABLE 5. AVERAGE NUMBER OF PIGS PER FARM REPORTING IN QUEBEC

	1961	1966	1971	1976	1981
Prince Edward Island	14	29	49	67	110
Nova Scotia	12	27	63	88	183
New Brunswick	9	12	33	42	106
Quebec	19	38	79	178	430
Ontario	30	46	77	102	172
EAST	24	41	75	122	239
Manitoba	20	31	75	103	172
Saskatchewan	16	18	44	40	63
Alberta	36	38	69	70	121
British Columbia	15	17	29	27	109
WEST	24	29	59	62	109
CANADA	24	35	66	91	177

Source: Statistics Canada, Censuses of Agriculture.

TABLE 6. AVERAGE SIZE OF COMMERCIAL HOG FARMS QUEBEC AND CANADA

	1971	1976	1981
Quebec:			
No. of Hogs (000 hd)	1 328.9	1 593.4	3 428.0
No. of Farms (000's)	8.9	5.2	5.8
Hogs per Farm	147	309	586
Ontario:			
No. of Hogs	2 276.5	1 864.4	3 124.8
No. of Farms	19.7	11.6	12.6
Hogs per Farm	116	161	248
West:			
No. of Hogs (000's)	3 877.8	1 925.5	2 811.4
No. of Farms (000's)	37.3	12.7	12.1
Hogs per Farm	104	151	233
Canada:			
No. of Hogs	7 701.7	5 565.7	9 702.4
No. of Farms	67.7	30.5	31.8
Hog per Farms	114	182	305

Source: Statistics Canada, Censuses of Agriculture.

TABLE 7. NUMBER OF FARMS REPORTING 20 OR MORE PIGS AND AVE. FARM LAND SIZE IN 1981 BY PROVINCE

	Total Land Base	Total Number of Commercial Hog	Ave. Farm Size
	(000 acres)	(no.)	(acres/farm)
Canada	12 827.2	55 699	230
Prince Edward Island	133.8	1 062	126
Nova Scotia	46.7	763	61
New Brunswick	57.9	849	68
Quebec	641.7	7 993	80
Ontario	2 169.0	18 415	118
Manitoba	1 960.7	5 098	385
Saskatchewan	3 913.3	9 177	426
Alberta*	3 746.9	9 994	375
British Columbia	157.2	2 348	67

Source: Census of Agriculture 1981.

TABLE 8. AVERAGE SIZE OF HOG ENTREPRISES FOR THE MAJOR HOG PRODUCING REGIONS

Region	1971			1976			1981		
	Farrow	Finish	Farrow-Finish	Farrow	Finish	Farrow-Finish	Farrow	Finish	Farrow-Finish
Quebec									
Number of hogs	225.5	711.4	391.4	257.3	892.0	444.2	765.6	1,401.6	1,260.8
Number of farms	3.0	3.3	2.6	2.1	1.8	1.3	3.1	1.4	1.4
Average per farm	75	213	149	123	496	342	247	1,001	901
Ontario									
Number of hogs	458.0	840.3	978.2	371.9	31.8	860.7	476.0	651.8	1,996.9
Number of farms	5.3	7.2	7.2	3.6	3.7	4.3	3.5	3.2	6.0
Average per farm	86	117	136	103.3	171	200	136	204	333
West									
Number of hogs	431.3	1,276.1	2,170.5	198.1	517.6	1,209.8	313.6	553.2	1,944.5
Number of farms	6.0	13.8	17.4	2.9	4.0	5.9	3.1	3.3	5.6
Average per farm	72	92	125	68	129	205	101	168	347
Canada									
Number of hogs	1,155.6	2,923.7	3,622.4	857.8	2,103.1	2,604.7	1,608.5	2,686.4	5,407.4
Number of farms	15.0	24.9	27.8	8.9	9.9	11.7	10.2	8.1	13.4
Average per farm	77	117	130	96	212	223	158	332	404

Source: Statistics Canada, Censuses of Agriculture Unpublished Data.

TABLE 9. BUSINESS STRUCTURE OF HOG FARMS IN QUEBEC 1971-1981 BY FARM TYPE

	Family		Partnership		Corporation		Institution		Total	
	1971	1981	1971	1981	1971	1981	1971	1981	1971	1981
	%	%					(000's)		(000's)	
Farrow										
Number of hogs	97	84	3	8	-	8	-	-	225.4	765.6
Number of farms	98	93	2	4	-	2	-	-	3.0	3.1
Finish										
Number of hogs	96	73	3	8	1	19	-	-	711.4	1,401.6
Number of farms	98	88	2	5	-	6	-	-	3.3	1.4
Farrow-Finish										
Number of hogs	95	57	4	14	-	29	-	-	391.4	1,260.8
Number of farms	97	80	2	9	-	11	-	-	2.6	1.4

Source: Statistics Canada, Censuses of Agriculture Unpublished.

TABLE 10. COMPARISON OF HOG PRODUCTION AND FEED SUPPLIES BY REGIONS, 1983

Region	Hog slaughterings	Crop[1] acreage corn	Crop[1] acreage barley	On farm[2] milling	Commercial[2] milling
	-		%		-
1. Bas St. Laurent	-	-	10	1	5
2. Rive Nord et Sud du St. Laurent	17	-	12	6	19
3. Beauce	18	-	6	19	16
4. Nicolet	9	12	15	5	8
5. Les Cantons de L'Est	12	3	5	17	7
6. L'Est de Montreal	27	47	15	15	26
7. Sud Ouest de Montreal	1	26	10	16	11
8. L'Outaouais	-	1	2	1	1
9. Nord Ouest du Quebec	-	-	2	1	1
10. Rive Nord du Fleuve St. Laurent	9	8	10	14	12
11. La Mauricie	5	1	8	6	1
12. Saguenay Lac St.-Jean	1	-	5	1	4
Total (000's)	(hd) 4,601.8	(ac) 146.8	(ac) 95.2	(t) 67.5	(t) 291,555.37

[1]Statistics Canada, Agriculture Division
[2]Agriculture Canada, Regional Development Branch Quebec

TABLE 11. TYPE OF BUSINESS IN PORK PRODUCTION BY REGION - 1975

Region	Integrated				Independents
	Auto	Financial	Contract	Total	
	%	%	%	%	%
1	8	-	27	35	65
2	15	16	25	55	45
3	11	20	36	68	32
4	7	12	35	54	46
5	7	15	40	61	39
6	14	1	72	86	14
7	-	6	-	6	94
8	42	25	-	68	32
9	-	-	-	-	100
10	19	7	71	96	4
11	10	-	33	51	49
12	-	12	8	21	79
Total	13	10	46	69	31

Source: Intégration verticale en industrie Porcine au Québec, Jacques Durocher, 1978.

TABLE 12. PERCENT OF TOTAL FARM CASH RECEIPTS FROM HOG PRODUCTION

Province	1951	1961	1966	1971	1976	1981
Atlantic	14	9	10	11	9	10
Que.	20	15	15	11	18	22
Ont.	17	12	13	10	11	11
Man.	6	9	9	14	9	9
Sask.	4	4	3	6	2	2
Alt.	13	13	10	11	6	5
B.C.	3	1	2	2	2	6
Can.	12	10	10	9	8	9

Source: Censuses of Agriculture, Statistics Canada.

TABLE 13. HOG PRODUCTION AND PRICE CYCLES IN NORTH AMERICA

	Commercial slaughter		Hog prices (dressed)		U.S. Av. farm corn price	Canada Av. farm barley price
	U.S.	Can.	U.S. $	Can. $		
1953	66.9	6.2	28.19	30.80)	152	106
1954	64.8	6.2	28.53	31.75)H	148	86
1955	74.2	6.9	19.47	26.05)	143	89
1956	78.5	6.9	19.00	27.50)L	135	87
1957	72.6	6.3	23.45	31.05)	129	79
1958	71.0	7.5	25.96	29.13)H	111	76
1959	81.6	9.7	18.77	24.80)	112	77
1960	79.0	7.8	20.46	23.95)L	104	74
1961	77.3	7.9	22.00	27.18)	100	80
1962	79.3	7.7	21.56	28.30)H	110	105
1963	83.3	7.6	24.83	29.53)	112	94
1964	83.0	8.3	19.63	26.23)L	111	94
1965	73.8	7.9	27.31	31.77)	117	100
1966	74.0	7.9	30.12	35.14)H	116	103
1967	82.1	9.3	24.83	29.53)	124	105
1968	85.2	9.2	24.60	29.59)L	103	87
1969	83.8	8.7	30.36	34.69)H	108	82
1970	85.8	10.7	28.14	30.14)	115	67
1971	94.4	11.4	23.65	23.67)L	133	75
1972	84.7	11.1	34.19	34.90	108	69
1973	76.8	10.6	51.63	52.36)H	157	125
1974	81.8	10.9	45.03	47.86)L	255	250
1975	68.7	9.2	61.95	65.40)	302	220
1976	73.8	9.0	5.27	62.53)H	254	231
1977	77.3	9.1	52.65	59.85)	215	192
1978	77.3	10.2	62.17	69.99	202	163
1979	89.1	12.2	55.17	65.65)	225	174
1980	96.1	14.3	52.00	60.68)L	252	230
1981	91.5	14.2	57.70	71.24)	245	243
1982	81.0	13.9	73.31	84.50)H	230	205

L = low
H = high
[1]Inspected + uninspected
[2]Grade A Toronto 1953/59, weighted national average all market hogs 1969-82 and U.S. barrows and gilts at 7 mid-west markets
[3]Crop year
[4]bu = 35.238 L

TABLE 16. TOTAL FEDERAL STABILIZATION PAYMENTS MADE TO HOG PRODUCERS BY PROVINCE

	1979-80	1980-81	Total
Atlantic	1 523.9	3 891.8	5 415.7
Quebec	15 107.7	37 219.6	52 327.3
Ontario	14 030.9	33 696.4	47 777.3
Manitoba	4 065.9	9 998.9	14 064.8
Saskatchewan	2 223.8	6 085.3	8 309.1
Alberta	5 379.0	13 070.8	18 449.8
British Columbia	461.6	2 208.1	2 669.7
Canada	42 842.7	106 170.9	149 013.6

Source: Agriculture Stabilization Board.

TABLE 17. THE AVERAGE PAYMENT TO HOG PRODUCERS FROM THE FEDERAL STABILIZATION PROGRAM IN 1979-80 AND 1980-81

	1979-80		1980-81	
	No. hog/ Claimant	$/Claimant	No. hog/ Claimant	$/Claimant
Newfoundland	1 047.1	4 467.7	994	8 902.7
Prince Edward Island	267.7	1 109.3	290	2 600.1
Nova Scotia	701.2	2 879.2	756	6 777.5
New Brunswick	409.7	1 674.5	491	4 401.7
Quebec	922.2	3 857.9	1 070	9 675.0
Ontario	327.1	1 352.4	315	2 818.6
Manitoba	369.0	1 504.2	351	3 143.3
Saskatchewan	188.4	776.2	157	1 403.1
Alberta	208.0	864.6	271	2 430.0
British Columbia	501.7	2 033.5	833	7 459.8
Total	379	1 572.2	396	3 546.4

TABLE 18. SCHEDULE OF FEED FREIGHT ASSISTANCE RATES EFFECTIVE DEC. 17, 1981, AND NUMBER OF HOGS SLAUGHTERED BY COUNTY IN 1982

	1971 Number Hog Slaughter	Western Product	1982 Number Hogs Slaughtered	Western Products	Eastern Products
	-000 hd-	-$/tonne-	- 000 hd -	- $ per tonne -	
Region 1					
Iles-de-la-Madeleine	-	19.84	-	20.30	17.00
Gaspésie (Nord and Sud)	-	13.89	-	19.80	16.50
Bonaventure	2.8	13.89	-	17.60	14.30
Kamouraska	16.2	8.16	13.6	6.80	3.50
Matane	6.5	11.68	3.4	12.80	9.50
Mata pédia	-	11.68	-	12.80	9.50
Rimouski	10.8	9.04	7.5	9.50	6.20
Rivière du Loup	-	9.04	-	8.40	5.10
Témiscouata	26.0	9.04	5.1	8.40	5.10
Total	62.3		29.7		
Region 2					
Lotbinière	85.8	7.05	298.2	2.20	n/a
Lévis	51.8	6.17	121.9	1.30	n/a
Bellechasse	122.1	7.05	208.6	3.30	n/a
Montmagny	32.6	7.05	49.5	3.70	n/a
L'Islet	8.0	7.05	10.7	5.70	2.40
Portneuf	7.8	7.05	8.7	1.30	n/a
Québec	3.8	6.	9.0	n/a	n/a
Montmorency	7.5	7.05	4.6	2.20	n/a
Charlevoix	15.5	7.05	61.4	5.70	2.40
Total	334.9		772.7		

- continued -

TABLE 18. (Continued)

	1971 Number Hog Slaughter	Western Product	1982 Number Hogs Slaughtered	Western Products	Eastern Products
	-000 hd-	-$/tonne-	- 000 hd -	- $ per tonne -	
Region 3					
Beauce	90.3	7.05	251.6	2.20	n/a
Dorchester	192.0	7.05	469.3	2.20	n/a
Frontenac	24.4	7.05	31.9	3.70	n/a
Mégantic	57.8	7.05	85.6	2.20	n/a
Total	364.5		838.4		
Region 4					
Arthabaska	62.7	7.05	102.9	2.20	n/a
Drummond	26.2	7.05	179.6	2.20	n/a
Nicolet	63.1	7.05	80.9	1.30	n/a
Yamaska	31.0	7.05	52.3	1.30	n/a
Total	183.0		415.6		
Region 5					
Brome	26.7	8.16	21.5	3.30	n/a
Compton	24.5	10.14	46.8	5.70	2.40
Richmond	29.3	7.05	22.4	3.30	n/a
Shefford	75.1	7.05	356.7	2.20	n/a
Sherbrooke	2.6	8.16	18.5	3.70	n/a
Stanstead	20.4	9.04	35.2	3.70	n/a
Wolfe	8.3	7.05	29.9	3.30	n/a
Total	186.9		530.9		

- continued -

TABLE 18. (Continued)

	1971 Number Hog Slaughter	Western Product	1982 Number Hogs Slaughtered	Western Products	Eastern Products
	-000 hd-	-$/tonne-	- 000 hd -	- $ per tonne -	
Region 6					
Bagot	175.4	7.05	589.1	1.30	n/a
Chambly	0.8	7.05	-	n/a	n/a
Iberville	20.6	7.05	59.1	1.30	n/a
Missisquoi	19.6	7.05	114.9	2.20	n/a
Richelieu	18.4	6.17	37.0	n/a	n/a
Rouville	71.0	7.05	273.0	1.30	n/a
Sainte-Hyacinthe	39.9	7.05	186.1	1.30	n/a
Verchères	1.4	7.05	1.4	n/a	n/a
Total	347.1		1 260.7		
Region 7					
Beauharnois	-	7.05	5.9	n/a	n/a
Châteauguay	1.5	7.05	4.2	n/a	n/a
Huntingdon	1.2	7.05	4.3	n/a	n/a
Laprairie	3.6	7.05	2.8	n/a	n/a
Napierville	3.7	7.05	8.2	n/a	n/a
St.Jean	0.7	9.04	9.6	1.30	n/a
Soulanges	0.5	7.05	2.8	n/a	n/a
Vaudreuil	6.8	7.05	5.2	n/a	n/a
Total	18.0		43.0		

- continued -

TABLE 18. (Continued)

	1971 Number Hog Slaughter	Western Product	1982 Number Hogs Slaughtered	Western Products	Eastern Products
	-000 hd-	-$/tonne-	- 000 hd -	- $ per tonne -	
Region 8					
Argenteuil	0.6	7.05	2.2	n/a	n/a
Gatineau	1.0	9.04	1.1	2.20	n/a
Labelle	1.1	11.68	9.5	5.70	2.40
Papineau	3.0	7.05	5.9	2.20	n/a
Pontiac Hull	1.4	7.05	.4		
Total	7.1		19.1		
Region 9					
Abitibi Est	2.7	13.89	1.0	19.80	16.50
Ouest				19.80	16.50
Rouyn-Noranda	-	7.05	-		
Témiscaminque	5.2	13.89	0.2	19.80	16.50
Total	7.9		1.2	19.80	18.50
Region 10					
Berthier	23.8	7.05	29.1	2.20	n/a
Deux-Montagnes	5.2	7.05	4.0	n/a	n/a
Ile Jésus	-	7.05	-	n/a	n/a
Ile Montréal	-	7.05	-	n/a	n/a
Joliétte	54.8	7.05	100.7	2.20	n/a
L'Assomption	73.7	7.05	162.2	n/a	n/a
Montcalm	45.3	7.05	72.0	2.20	n/a
Terrebonne	50.3	7.05	57.0	n/a	n/a
Total	253.1		426.2		

- continued -

TABLE 18. (Concluded)

	1971 Number Hog Slaughter	Western Product	1982 Number Hogs Slaughtered	Western Products	Eastern Products
	-000 hd-	-$/tonne-	- 000 hd -	- $ per tonne -	
Region 11	#-				
Champlain	30.3	7.05	14.3	1.30	n/a
de Laviolette	-	7.05	-		
de Maskinongé	60.3	7.05	135.6	13.0	n/a
Saint Maurice	31.2	6.17	79.1	n/a	n/a
Trois Rivières	-	7.05	-	n/a	n/a
Total	121.8		229.0		
Region 12					
Chicoutimi	13.7	9.04	14.3	10.60	7.30
Dubuc	-	7.05	-	n/a	n/a
Jonquière Kénogami	-	7.05	-	n/a	n/a
Lac St.Jean	23.0	9.04	20.7	10.60	7.30
Roberval	-	7.05	-	n/a	n/a
Côte Nord, Saguenay	-	7.05	-	19.80	16.50
Duplessis	-	7.05	-		
Total	36.7		35.3		
Total	1,923.3		4 601.8		

Source: Livestock Feed Board.
Ag. Canada Livestock Market Review.

TABLE 19. DISTRIBUTION OF LONG TERM LOANS BY TYPE OF ENTERPRISE IN QUEBEC MADE BY FARM CREDIT CORPORATION

Type of Production	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Cash Crops	15	8	8	11	12	13
Milk	52	59	47	44	57	59
Beef	-	-	-	1	2	2
Hogs	28	27	38	38	22	19
Poultry	3	2	2	2	2	2
Others	2	4	5	4	5	5
Total (000$)	46 587	91 855	98 963	111 940	80 961	85 914

Source: Farm Credit Corporation Annual Report.

TABLE 20. COMPOSITION OF LONG TERM LOANS BY TYPE OF ENTERPRISE MADE BY THE "L'OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC"

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
Cash crop	10.3	7.8	10.7	9.6	12.2	12.9	14.7
Milk	69.7	68.5	56.1	58.8	67.3	70.4	65.6
Beef	1.8	1.4	1.7	3.4	4.6	4.2	3.9
Pork	12.8	17.7	26.4	22.2	8.2	6.2	8.1
Poultry	2.4	2.0	2.8	3.0	2.4	1.6	1.4
Eggs	.1	.3	0.1	0.3	0.7	0.6	1.8
Other	2.9	2.3	2.2	2.7	4.6	4.1	4.5
Total (000's)	78708.6	93 353.2	206 105.8	344 326.1	340 765.2	347 270.4	171 202.3

[1]Includes new loans, repayment of old loans within the bureau and those make by private institutions.

Appendix A

QUEBEC'S MEAT PACKING INDUSTRY

Development of Inspection Standards

A turning point for the Quebec meat packing industry came in 1975 when a commission into organized crime exposed some in the industry of defrauding the public. As a result, new provincial meat inspection standards were developed and all plants were to be federally or provincially inspected. Only a few small establishments were exempted. In 1975 there were 177 of these exempted establishments. In 1981 the percentage of total provincial slaughter that occurred in these plants was minimal 10% for beef; 3% for veal and 0.5% for pork. In 1982 there were 60 abattoirs that had either federal or provincial inspection: 17 under provincial and 43 under federal inspection. Eleven of the 60 abattoirs handle pork only; 20 specialize in beef and the others handle both beef and pork.

Packing Capacity

Although there are more plants specialized in beef than in pork the total beef processng capacity is about 10% that of the pork processing capacity. The Regional Development Branch of Agriculture Canada has estimated total annual capacity of provincial and federal inspection of beef plants at 74.2 thousand head and of pork plants at 6573.6 thousand head. These eleven pork processors are located in the main hog producing regions of #5, #3 and #4. The five largest plants slaughter over 75% of the total hog slaughter in the province in 1983. Their combined average weekly slaughter totaled 67,600 hogs in 1983.

Dressed Pork Trade

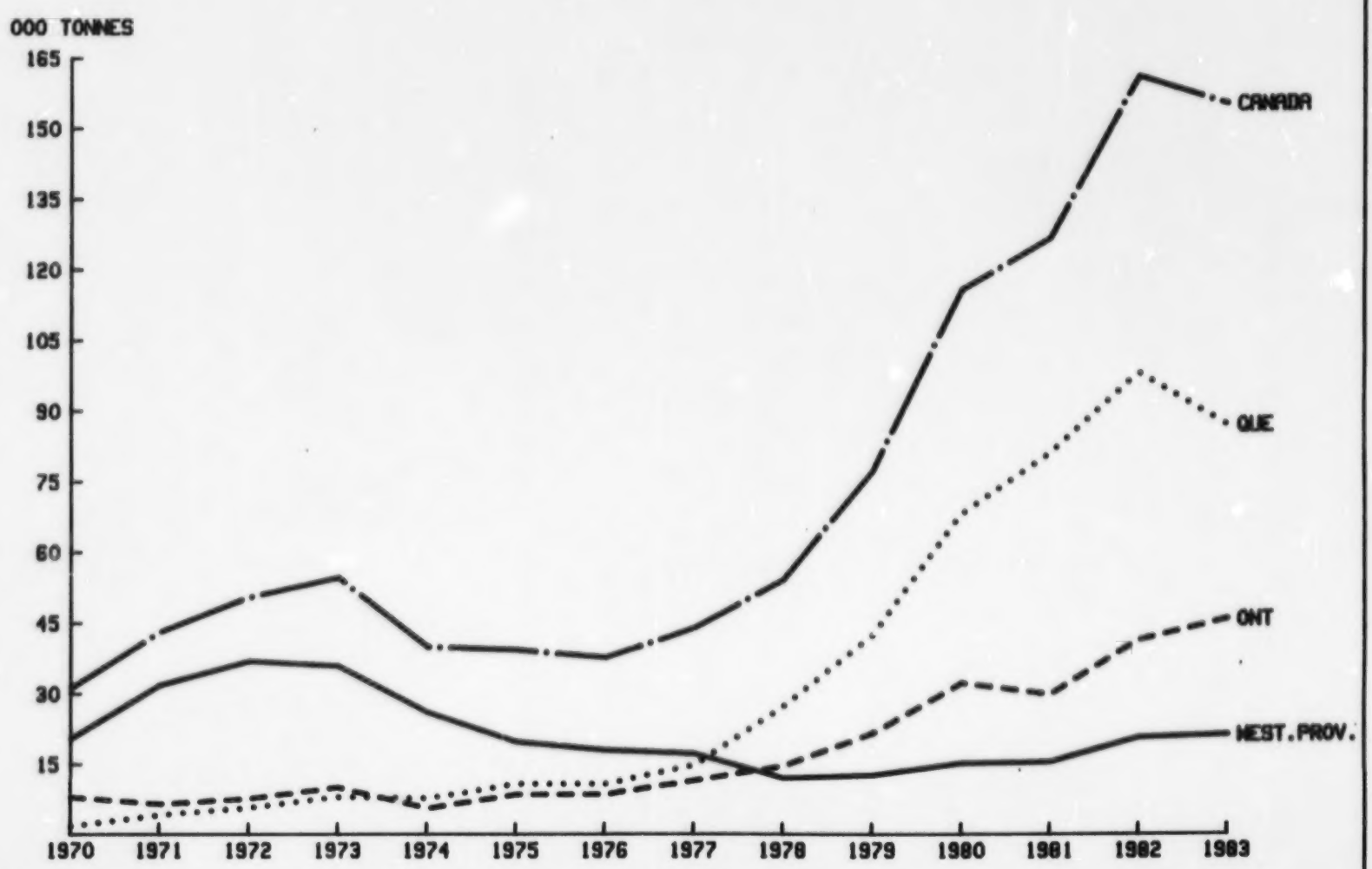
An increasingly significant component of the demand for pork in Quebec is the dressed pork exports. Total pork exports from Quebec have been increasing since the early 1970's and reached a peak in 1982 of 982 thousand tonnes valued at $294 million. By 1979, pork exports from

quebec were exceeding total pork exports from all the other provinces combined. This is in sharp contrast to the situation in the early 1970's (chart IV). This sharp growth reflects the upgrading of inspection standards, the lower value of the Canadian to U.S. dollar since 1978, Quebec's proximity to major U.S. markets and the ability of the meat packers to meet the specific requirements of various markets. Quebec exports about 30% of its total production (Table 21). Quebec is the major Canadian exporter of pork accounting for over 50% of the total value of Canadian pork exports.

Fresh and frozen pork products account for the majority of the exports and go primarily into the eastern U.S. markets. Cured pork exports are destined primarily for the Carribean and Central America (Table 22). Increases have been most substantial for the fresh and frozen pork products which had an exponential rate of growth between 1976 and 1982). In contrast, canned pork exports have been irregular and well below the record level of 1968. Although in 1982 hog marketings did not expand total pork exports were at record levels reflecting small world supplies primarily in the U.S. and Denmark and strong world pork prices.

CHART IV

TOTAL DRESSED PORK EXPORTS - BY REGION
1970-1983



SOURCE: STATISTICS CANADA

TABLE 21. PERCENT OF TOTAL PORK PRODUCTION WHICH IS EXPORTED FROM QUEBEC

	Total Pork Output (cold carcass)	Total Pork Exported	Exports as a Percent of Output
	(000 t)	(000 t)	(%)
1972	112.0	5.7	5
1973	113.4	8.1	7
1974	137.4	7.8	6
1975	137.4	10.8	8
1976	138.7	10.8	7
1977	155.2	14.8	9
1978	191.1	27.3	14
1979	238.2	42.3	18
1980	293.3	68.0	23
1981	309.3	81.0	26
1982	301.7	98.1	32
1983	295.6	87.0	29

Source: Livestock Unit, Commodity Markets Analysis Division.

TABLE 22. THE DESTINATION OF QUEBEC PORK EXPORTS BY TYPE, 1978-1983

	1978	1979	1980	1981	1982	1983
	-			000 t		-
Fresh & Frozen						
U.S.	13.0	24.9	46.1	54.1	70.9	62.6
E.E.C.	-	0.4	1.8	.2	-	0.1
Car. & C.A.	0.3	0.8	.8	1.2	1.6	1.0
Japan	13.2	15.1	17.0	23.7	23.4	21.6
Total	26.8	41.9	67.5	80.4	97.1	86.1
Cured						
U.S.	0.1	0.1	0.2	0.2	0.4	0.4
E.E.C.	-	-	-	-	-	-
Car. & C.A.	0.3	0.2	0.2	0.3	0.5	0.5
Japan	-	-	-	-	-	-
Total	0.4	0.3	0.4	0.5	1.0	0.9
Canned						
U.S.	-	-	0.1	0.1	-	-
Total	0.1	-	0.1	0.1	0.1	0.1
Total Pork Exports						
(000 t)	27.3	42.2	68.0	61.0	98.2	87.1
(million $)	85.1	119.6	162.2	220.2	293.7	240.3
% of total Canadian Pork Exports	49.0	53.0	58.0	62.0	59.0	55.0

Source: Trade of Canada; Statistics Canada

Appendix 3

PRICING

As a result of the concentration in hog production and in meat packing most slaughter hogs in Quebec are sold directly to the abattoir with a very small amount being sold through the auctions. Consequentially, pricing occurs at each abattoir with no institution playing a major role in the collection and dissemination of information on Quebec hog prices. However, price information is available to producers on Wednesday afternoon or Thursday morning of every week from two major packers. These two packers are Salaison Olympia in St. Hyacinthe and Turcott-Turmel in Princeville which operates under the Coopératif Federée des Agriculteurs de Québec. These two packers reflect directly the prices of Ontario and the United States in the price they offer for hogs. The price in Quebec is usually a few cents around the Ontario price depending upon local demand and supply situation. All hog producers, large or small, receive at lease an Index 100 price regardless of their carcass grade. The other abattoirs in Quebec must offer at least this price in order to remain competitive. Since continuous supplies are one of the major concerns of meat packers they offer premiums to those producers who market regularly, travel greater distances, etc. Typically, those producers which operate under some form of integration tend to be those who are best able to take advantage of these premiums.